

Perm-tractors: not to be mistaken with curly farm machinery. Or contractors.

Dave Chaplin, CEO, ContractorCalculator:

Previously in this blog I've [attempted to define what a contractor really is](#). It's been a difficult task, as contractors come in all shapes and sizes. But one common feature of all contractors is that they come in, hit the ground running, do a specific job and move on to the next client and project.

So, let me introduce you to the perm-tractors. I've met lots of these types over the years. They usually work through a [contracting limited company](#) or [contractor umbrella](#), call themselves contractors but have been with the client on the same site for donkey's years. They don't fit any definition of contractors I've ever seen, especially not my own.

These types really are extracting the proverbial and in my view should be thrown to the tax wolves at [HMRC](#) to be taxed appropriately, because they give genuine contractors a bad name. And the client should give them employment rights, too, because they really and truly are employees.

But, there's a problem with that. For one, since the [James vs Greenwich ruling](#) contractors can never claim [employment rights](#), despite the fact that [IR35](#) makes many of them taxed like employees, so they certainly pay for the privilege. It's one of many key IR35 rulings that offends every sense of fair play, the principles behind our common law, and should be reversed.

Interestingly, employment rights for contractors caught by IR35 were on the cards when the draft legislation was produced, but never made it to the statute book. There has been much speculation as to why, but nobody really knows the answer.

We can speculate that it was simply put in the 'too hard' basket, and nobody could be bothered to think through the implications and the damage it could cause, like the rest of IR35 and all the other barmy tax laws introduced since, erm, 1997. What was the other significant event that year?

What's more interesting is that the [Treasury](#) justifies many of its thinly veiled attacks on contractors as 'introducing fairness into the tax system'. Hmm, so it's OK to tax someone like they are an employee, but also OK to deny them fundamental rights enshrined in law for every other kind of worker?

And the Treasury tries to tell us this is all in the interests of a 'fairer tax system'.

You be the judge.

 <p>Dave Chaplin CEO ContractorCalculator</p> <p><i>Market Commentator</i></p>	 <p>View all our commentators</p>	<p>Dave Chaplin is a former IT contractor in the City of London, and is founder and CEO of ContractorCalculator, and author of the Contractors' Handbook.</p> <p>Started in 1999, ContractorCalculator (this site) is the leading independent website for the UK contracting industry – most of whom are highly skilled knowledge workers.</p> <p>Read Full Profile...</p>
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